

**To the Mayor and Members of the City Council****May 5, 2015**

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SUBJECT: TEXAS ENTERPRISE ZONE PROGRAM

The Texas Enterprise Zone Program is an economic development tool that promotes job creation and private investment, particularly in economically distressed areas of the state. Project applicants are nominated by local communities and if approved by the State, a business can receive state sales and use tax refunds on qualified expenditures. There is no financial impact to the nominating community and the amount of refund is tied to the project's capital investment and jobs created/retained at the business site. This program is administered through the Office of the Governor, Economic Development Bank.

The local effort section comprises 25% of the application scoring, and there are 30 possible "incentives" that may be applicable in that section. As this program has become more widely used, competition across the state has placed a higher emphasis on the need for projects to receive points in the local effort section. The City's current participating ordinance (Ord. 15733) limits the overall potential local incentives. In order for projects nominated by the City of Fort Worth to score more competitively, a review of the ordinance has been undertaken to determine if an update should include additional scoring categories that could potentially be made available by Fort Worth on a case-by-case basis. Additionally, the City's ordinance and application must be updated to better reflect the phrasing and language used by the State in its program guidelines and in Chapter 2303 of the Local Government Code. Discussions with representatives at the Office of the Governor have confirmed that a municipality's ordinance should match the state application so as to minimize uncertainty in applications when being scored by State staff.

The asterisk (*) below denotes items included in the existing ordinance that have historically been interpreted by the State as potentially available and providing potential points in the application, but that are currently phrased differently in the application which calls into question the scoring. The chart also shows the various local incentives that are already included in our current ordinance as potentially being available to applicant projects, as well as those that Staff would like to add in an update of the ordinance.

	Incentive	Description of Incentive	Included	To be Included
1	Tax Abatement	Property tax reduction	X	
2	Tax Increment Financing	City may adopt tax increment financing for projects.	X	
3	Freeport Exemption	Exemption of in-transit inventory from personal property taxes	X	
4	Chapter 380	Economic Development Grants	X	
5	Local Sales Tax Refund*	Sales tax reimbursement		X
6	Other Tax Deferrals, Tax Refunds or Tax Incentives*	Property tax exemption for historic structures and sites in accordance with applicable laws and City ordinances	X	

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	Incentive	Description of Incentive	Included	To be Included
7	Foreign Trade Zone	Relief from paying Customs duties and tariffs	X	
8	Zoning Changes/ Variances*	City may make zoning changes to expedite development process.		X
9	Building Code Exemptions*	City may provide certain building code exemptions to expedite development process.		X
10	Impact/Inspection Fee Exemptions	City may waive City-charged permit fees, including inspection fees.	X	
11	Streamlined Permitting*	City may allow permit applications & supporting materials to be submitted to 1 department for distribution to appropriate City departments.	X	
12	Improved Fire and Police Protection*	Safety and protection of City residents		X
13	Community Crime Prevention Programs	Neighborhood Patrol Officers, Patrol Support, and Code Blue		X
14	Special Public Transportation Routes or Reduced Fares	City may provide facilitation with public transportation providers.	X	
15	Capital Improvements In Water and Sewer Facilities*	City can provide resources for a capital improvement plan related to water and sewer service.	X	
16	Road Repair	City's Street Department is responsible for maintaining and repairing public City Streets.		X
17	Creation or Improvement of Parks	Maintain healthy lifestyle for City residents		X
18	Transfer Abandoned Housing to Individuals or Community Groups*	Transfer of abandoned property to individuals or groups at below market rates		X
19	Provision of Publicly Owned Land for Development Purposes	Convey vacant, City-owned property located in the enterprise zone to the business in accordance with applicable laws.	X	
20	One-Stop Permitting, Problem Resolution Center*	City may offer one-stop permitting.	X	
21	Promotion and Marketing Service	CFW Economic Development Department and Fort Worth Chamber		X
22	Job Training and Employment Services*	Offered in conjunction with local community colleges, technical schools, etc.	X	

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	Incentive	Description of Incentive	Included	To be Included
23	Retraining Program	Offered in conjunction with local community colleges, technical schools, etc.		X
24	Literacy and Employment Skills Services	Offered in conjunction with local community colleges, technical schools, etc.		X
25	Vocational Education	Offered in conjunction with local community colleges, technical schools, etc.		X
26	Customized Job Training*	Offered in conjunction with local community colleges, technical schools, etc.		X
27	Use of surplus schools for business incubators	Use of Guinn Campus for TECH Fort Worth and Idea Works incubators		X

Staff recommends an update of the City's Texas Enterprise Zone Program ordinance to include the list of potential local incentives that may be provided to a project on a case-by-case basis as outlined above.

Staff intends to place an M&C on the City Council agenda scheduled for May 12, 2015, to conduct a public hearing regarding the proposed updated amendments and authorize approval of the amended ordinance.

If you have any questions or concerns, please contact Jay Chapa, Economic Development Director at 817-392-5804 or at Jesus.Chapa@fortworthtexas.gov.

David Cooke
City Manager